

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND,

SEC-CLERK'S OFFICE  
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2019 DEC 17 P 3:02

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. SEC-2019-00057

SOLIUM FINANCIAL SERVICES LLC,  
Defendant

CONSENT ORDER

This Consent Order follows an investigation of Solium Financial Services LLC ("SFS") by the Division of Securities and Retail Franchising ("Division") after SFS's parent company, Morgan Stanley, self-reported that SFS had engaged in unregistered activity in the Commonwealth of Virginia ("Virginia").

SFS is a direct subsidiary of Solium Holdings USA, LLC ("Solium Holdings" or, collectively with SFS and its affiliates, "Solium"). Solium provides equity plan administration software to employers. Employee-participants of equity plans that utilize Solium's software can view and track the options and shares issued to them by their employers. If an employee-participant requests an exercise or liquidation through Solium's software, SFS transmits an order to a broker-dealer firm registered in Virginia who executes and clears the transactions. SFS, however, has never been registered as a broker-dealer in Virginia. As part of its services, SFS neither provided investment advice to employee-participants nor solicited transactions, and SFS's transactions are limited only to a participant's employer's stock and no other securities.

On May 1, 2019, Morgan Stanley acquired Solium Capital, Inc., which included its subsidiaries Solium Holdings and SFS. On May 2, 2019, SFS applied for broker-dealer registration with the Division. In June of 2019, counsel for Morgan Stanley reported to the

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Division that SFS, through its activities as an introducing broker-dealer, may have acted as an unregistered broker-dealer in Virginia. Based upon the information provided by Morgan Stanley, the Division conducted an investigation of SFS pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia.

Based on the investigation, the Division alleges that from December 2008 to present day, SFS acted as an unregistered broker-dealer by failing to properly comply with the registration requirements of § 13.1-504 A (i) of the Act.

In an effort to resolve the alleged violations, SFS has agreed to abide by and comply with the following terms and undertakings: (1) SFS will pay Ten Thousand Dollars (\$10,000) in monetary penalties pursuant to § 13.1-518 of the Act; and (2) SFS will not violate the Act in the future.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Division, is of the opinion that this Order should be entered.

Accordingly, IT IS ORDERED THAT:

(1) The Defendant will pay to the Treasurer of Virginia, contemporaneously with the entry of this Consent Order, the amount of Ten Thousand Dollars (\$10,000) in monetary penalties.

(2) The Defendant will not violate § 13.1-504 A (1) of the Act in the future.

(3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:  
S. Anthony Taggart, Esquire, Morgan Stanley, 1633 Broadway, 30<sup>th</sup> Floor, New York, New  
York 10019; and a copy shall be sent to the Commission's Office of General Counsel and  
Division of Securities and Retail Franchising.

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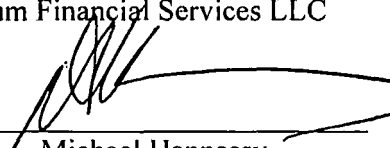
ADMISSION AND CONSENT

Solium Financial Services LLC ("Defendant") admits to the jurisdiction of the State Corporation Commission ("Commission") as to the party and subject matter hereof, neither admitting nor denying the allegations made herein by the Division of Securities and Retail Franchising, and hereby consents to the form, substance, and entry of the foregoing proposed Consent Order ("Order").


The Defendant further states that no offer, tender, threat, or promise of any kind whatsoever has been made by the Commission or any member, subordinate, employee, agent, or representative thereof in consideration of the foregoing Order.

Date: 12/12/2019

Solium Financial Services LLC

By:   
Michael Hennessy

As seen and reviewed by:

  
S. Anthony Taggart, Esquire